

# Annual Report 2002 of the Environmental Finance Center Network

Environmental Finance Center Network

2002 Annual Report

## EFC at the University of North Carolina

**The EFC at the University of North Carolina was begun in 1998 and is one of two EFC's in Region 4. The EFC serves the states of Kentucky, Tennessee, Mississippi, Alabama, Florida, Georgia, South Carolina, and North Carolina.**

**T**hanks to the core support from the University of North Carolina and the United States Environmental Protection Agency (EPA), the North Carolina EFC (efc@unc) continued in 2002 to pursue its mission of:

**Providing a bridge between students and faculty in the university who work principally on environmental financing, management and planning tools, and the governments and businesses whose job it is to use those tools for the public interest.**

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The efc@unc continued its history of working extensively with local and state environmental professionals while at the same time it began working in several new technical areas and in new initiatives with federal, private-sector, and non-profit environmental organizations and individuals.

In 2002, the efc@unc completed the first comprehensive source water planning effort in the state that brought together state regulators and local stakeholders to

address the water quality threats to the Broad River Watershed, an important regional water source for North and South Carolina.

The efc@unc saw continued returns on its early investment in the area of land conservation. After completing *The Million Acres Report*, a well received financial assessment of land conservation efforts, the efc@unc was hired in 2002 to facilitate a series of high profile land conservation meetings across the state of North Carolina.

The efc@unc continued a leveraging strategy of collaborating with other organizations and agencies on projects and trainings. Key partnerships that were strengthened in 2002 include the Florida and North Carolina American Water Works Association Chapters; the North



Carolina Institute of Government; the North Carolina Rural Center, and other EFCS.

The efc@unc began working on several new solid waste management projects at the state and local level. The efc@unc began a pilot project to develop sustainable financing systems for local solid waste recycling programs. The efc@unc provided policy assistance related to a new initiative to design a state electronic waste cost recovery system.

Finally, the efc@unc continued to strengthen and expand its environmental finance training curriculum efforts by developing a distance education environmental finance course; working with state agencies on training capacity development; and designing and delivering numerous training presentations to state and local government elected officials, university students, and consultants.

## **ACCOMPLISHMENTS: PROJECTS, INITIATIVES AND PROPOSALS**

### **Environmental Finance and Policy Technical Assistance Services**

The efc@unc devoted a significant amount of resources in 2002 to providing direct support to practitioners throughout the Southeast. This technical assistance included email and phone consultations; management of listservs; presentations at conferences; site visits; and the publication of guides and updates on key issues.

Some of the “hot” technical assistance topics in 2002 included: institutional and financing systems for storm water utilities; consolidation of water utilities; brownfields liability; local government land use planning; contamination of groundwater; management of electronic waste; management of on-site wastewater systems; local government power to regulate wetlands and animal waste operations; and drought management measures.

### **GASB 34 Workshop for Water and Wastewater Utilities**

The efc@unc co-sponsored a workshop on the Government Accounting Standards Board Policy Statement 34 (GASB 34) with the NC American Water Works/Water Environment Association organization at the end of February, 2002. The efc@unc helped plan the curriculum and moderated the event that focused on integrating GASB 34 requirements with existing water and wastewater infrastructure asset management and reporting techniques. Approximately 50 representatives attended the workshop from local governments, utilities, consulting firms, and state oversight bodies. As part of this project, the efc@unc prepared a resource guide for local utilities on GASB 34.

### **Strengthening the Capacity of Operator Certification Programs**

The efc@unc provided training development and financial planning assistance to the State of North Carolina’s Water Treatment Operators Certification program. Activities included a survey of operator training needs and interests; and an inventory of training certification procedures in the Southeast.

### **Funding Strategies for Environmental Education Services**

The efc@unc studied entrepreneurial and business strategies for supporting environmental education services. The efc@unc helped an environmental not-for profit organization, The Scrap Exchange, prepare a business plan to support its efforts to conduct environmental outreach activities throughout the Southeast.

### Development of a Training Program on Local Governance for National and State Environmental Officials

The efc@unc designed and delivered a course on local government structure, law and finance that was attended by a group of EPA staff at the Research Triangle Park EPA campus. The EPA group is currently working on environmental initiatives throughout the United States, but particularly on an effort in the 15-county region of North and South Carolina around Charlotte.

### Land Conservation: Million Acres Initiative

The efc@unc continued to play an important role in expanding and developing financing systems for land conservation efforts in North Carolina. The efc@unc facilitated a series of six planning workshops attended by approximately 400 participants from a broad spectrum of organizations representing different land-use, economic development and environmental interests. The workshop series was the kick-off of a new initiative to prioritize and coordinate land acquisition and protection activities across North Carolina. The efc@unc presented information on the costs and financing strategies for land conservation to the N.C. legislature's Environmental Review Commission. The efc@unc provided direct policy support to NC General Assembly that resulted in legislation that allows a landowner with conservation easements to maintain important tax advantages on their land by keeping the land in the present use value tax program despite its conservation status. All of these activities flowed out of the center's earlier work on conservation, the Million Acres Initiative.

### Local Government Resource Guide for State and Federal Policy Makers

The efc@unc prepared a practical guidebook, "Local Government for Environmental Policy Makers". The document includes a series of articles and papers on different local government practices including land use planning, financial planning, and tax collection authority.

### Analysis of the Impacts of Conservation Measures on Water Demands

The efc@unc began a study of five communities that implemented different water conservation measures in response to severe drought conditions in 2002. The study identified different conservation tools that were applied in each community and assessed the general impact they had on water use.

### Source Water Protection

The efc@unc completed a community-based source water protection planning effort as part of the national source water protection planning effort led by the EFC at the University of New Mexico. Our center focused on several small municipalities that share a surface water supply in the Broad River basin, a key water source for North and South Carolina. This area is one of the most economically depressed areas of the state, due to its historical concentration of jobs in the textile industry. Now that most of the mills are closed, jobs have become a major priority. The efc@unc helped create a local project steering committee comprised of leaders in three municipalities and the county, all of whom share dependence on the Broad River system for their drinking water. The efc@unc facilitated a series of monthly meetings of the group to help identify priority threats to the water supply and potential interventions. The Committee is becoming very productive and producing results that will be interesting for EPA's

Office of Groundwater and Drinking Water, as well as state water supply regulators, as a pilot study in the extent to which local governments can learn to work together on shared resource issues.

#### Environmental Database Management

The efc@unc continued to develop techniques that improve the access of environmental finance data and information to practitioners. The database of funding sources was converted to an active web page with advanced query options. The efc@unc began working with several organizations that currently collect and manage data to improve access to their data. Information includes solid waste and water utility benchmarking information; local government environmental programs budget data, and water utility rate information.

#### Developing Sustainable Recycling Financing Systems

In 2002, the efc@unc began working on a pilot project with a local government to develop and evaluate alternative cost recovery systems for communities with extensive recycling programs.

Orange County, North Carolina, is currently recognized as having one of the leading waste reduction programs in the Southeast. To date, the county is the only county in North Carolina to meet the state's per capita waste reduction goal of 40%. The efc@unc is working with staff and a citizens advisory board to study financing systems that will meet program service objectives, as well as addressing customer equity concerns. The project includes preparation of financial planning and fee setting models capable of assessing a variety of different revenue options including district taxes, county wide taxes and targeted customer service fees.

#### NEW INITIATIVES FOR 2003

#### Water and Sewer Utility Financial Capacity and Affordability Study

The efc@unc has begun a study to assess the financial capacity of individual utilities to meet future infrastructure needs. The study will take into consideration the current financial state of the utility, current rates charged to customers; and the capacity of customers to absorb future rate increases.

#### Development of Environmental Education Curriculum

The efc@unc will be co-sponsoring the development and production of environmental education curriculum focusing on the importance of water and the science of water quality and quantity management. The materials will include video and classroom materials for high school earth/environmental science students. Planned distribution of "It's Your Water" is to all the high schools in North Carolina.

#### Conservation Land Acquisition Funding Analysis

The efc@unc has been asked to carry out a detailed analysis of the current land conservation funding requirements in North Carolina; the available funds and programs; and the resulting financial and institutional "gaps".

#### National Workshop on the Relationship Between Air Quality Regulations and Smart Growth

The efc@unc has been asked to organize and coordinate a nation-wide workshop to study the complicated interrelationship between environmental regulations and smart growth, using

3-4 case studies from around the country. The conference is tentatively scheduled for the fall of 2003.

#### Special Environmental Finance Utility Training Programs

In 2003, the efc@unc will co-sponsor several new finance trainings for environmental managers across the Southeast.

#### University Environmental Services Assessment

The efc@unc will complete a pilot project to assess the environmental and finance impacts that a major university has on its community. The study quantifies different environmental impacts, including water use, wastewater discharge, solid waste production and recycling, and analyzes the financial and planning impacts the university has on local services providers.

### EFC NETWORK COLLABORATIONS

#### Source Water Project

The efc@unc worked with several centers on a national pilot project to carry out community source water assessments.

#### Environmental Finance Course

The efc@unc worked with the Southern Maine University EFC to pilot test a distance education course on environmental finance. The efc@unc also pilot tested the course with staff of the North Carolina Rural Center, and worked with them in developing content specific to environmental service providers in rural areas.

#### Public Management and Finance Program(PMFP)

The efc@unc participated in a two-day management training organized by the Region 2 EFC at Syracuse. The efc@unc worked with the Syracuse University EFC to introduce the PMFP program to North Carolina. A proposal was submitted to USDA RUS program to fund this effort.

#### Water Security

The efc@unc cooperated with the New Mexico EFC to carry out a water security project. A proposal was submitted to US EPA to fund this effort.

#### Watershed Protection Funding Strategies

The efc@unc participated in a one-day watershed training workshop organized by the Region 1 Environmental Finance Center at the University of Maryland. Staff from the efc@unc joined staff from several other EFCs to discuss strategies and technical content options necessary to design and delivery watershed funding workshops.

### PRESENTATIONS, CONFERENCES AND MEETINGS

- Brownfields financing for local government practitioners. The efc@unc assisted the Centralina Council of Governments in delivering a workshop for local government officials from North Carolina and South Carolina on current Brownfields financing issues and options. November 2002.
- Presentation on urban/rural community environmental relationships. The efc@unc

delivered a presentation on key environmental challenges to a diverse group of over 500 government and private sector leaders as part of the 15<sup>th</sup> anniversary conference of the NC Rural Communities Assistance Center. September 2002.

- School for newly elected state legislators. Presentation on Environmental Finance and Management for newly elected NC Legislators. December 2002.
- Institute of Government School for Newly Elected Mayors and Council Members, Presentation on Environmental Finance and Management at the local level, various locations in North Carolina.
- Electronic waste advance recovery fee policy forums. The efc@unc participated in a series of public and political discussion forums on advance recycling fee options. A group of local government and environmental organizations are currently working on draft legislation that would create the one of the country's first state mandated electronic waste advance recycling fee.
- One NC Naturally Conservation. The efc@unc facilitated a series of workshops across the state to gather stakeholder input on land conservation efforts.
- Annual Meeting of the Environmental Finance Centers. August 2002.

## ACKNOWLEDGEMENTS

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### **ABOUT THE EFC@UNC AND THE ENVIRONMENTAL FINANCE CENTER NETWORK**

The Environmental Finance Center at UNC-Chapel Hill (efc@unc) is one of a group of university-based centers that concentrate on problems in the financing of environmental services. The U.S. Environmental Protection Agency originally established the centers in order to bring the work of researchers in the universities directly to bear on local environmental problems. For more information on the Environmental Finance Center network, see: [www.epa.gov/efin](http://www.epa.gov/efin).

The efc@unc was begun in 1998 as a joint venture between the Institute of Government and the Office of Economic Development, both at UNC-Chapel Hill. Faculty and students working with the efc@unc concentrate on helping improve the financing and delivery of environmental goods and services by local governments.

For more information, see [www.efc.unc.edu](http://www.efc.unc.edu) or call Jeff Hughes, Director, at (919) 843-4956.